

Message Text

CONFIDENTIAL

PAGE 01 KABUL 06304 030710Z

17

ACTION NEA-16

INFO OCT-01 ISO-00 CPR-02 PM-07 SAM-01 NSC-07 OPR-02 PA-04

RSC-01 SS-20 SY-04 USIA-15 PRS-01 A-01 AID-20 CIAE-00

COME-00 EB-12 FRB-03 INR-11 NSAE-00 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 STR-08

CEA-02 AGR-20 IO-14 FEA-02 INT-08 SCI-06 FPC-01 EUR-25

L-03 H-03 DRC-01 /254 W

----- 112694

R 021245Z OCT 74

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 9816

INFO USUN NEW YORK 458

C O N F I D E N T I A L KABUL 6304

E.O. 11652: GDS

TAGS: PFOR, ECON, OVIP, AF

SUBJ: BACKGROUND MATERIAL FOR DEPFONMIN WAHEED ABDULLAH VISIT:
ECONOMIC FACT SHEET ON AFGHANISTAN

RFEF: A. KABUL 6267 B. KABUL 6281

1. FOLLOWING IS SUGGESTED BACKGROUND MATERIAL ON AFGHAN
ECONOMY FOR USE OF U.S. OFFICIALS WHO WILL MEET WITH AFGHAN
DEPUTY FOREIGN MINISTER (DE FACTO FOREIGN MINISTER) WAHEED
ABDULLAH DURING HIS OCTOBER 5-11 NEW YORK AND WASHINGTON VISITS:

A. THE ECONOMY - BASICALLY AND PREDOMINANTLY AGRICULTURAL (SUB-
SISTENCE AGRICULTURE) WITH 80-90 PERCENT OF POPULATION EARNING
LIVELIHOOD FROM AGRICULTURE. IN 1973-74 FOR FIRST TIME IN
HISTORY COUNTRY WAS SELF-SUFFICIENT IN WHEAT (BASIC FOODSTUFF)
WITH PRODUCTION OF C. 3 MILLION TONS (GOA ESTIMATE) AND ANNUAL
CONSUMPTION ESTIMATED AT 2.1 MILLION TONS. SOME SHORTFALL IN
OTHER BASIC FOOD COMMODITIES, NOTABLY EDIBLE OIL (75 PERCENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KABUL 06304 030710Z

OF NEEDS IMPORTED) AND SUGAR. MAJOR EXPORT CROPS AND AGRICUL-

TURAL ITEMS ARE COTTON, FRUITS AND NUTS AND KARAKUL. SOME WOOL EXPORTS WHICH GO ALMOST EXCLUSIVELY TO SOVIET UNION.

B. MINING AND INDUSTRY - CHIEF EXPORT ITEM IS NATURAL GAS WITH 100 PERCENT EXPORTS TO SOVIET UNION SINCE 1967 AGREEMENT TOTAL EXPORTS 1967-1974 (14.5 BILLION CUBIC METERS). THERE SOME POSSIBILITY FINDING COMMERCIALY EXPLOITABLE QUANTITIES OF PETROLEUM AND OTHER MINERAL DEPOSITS EXIST, NOTABLY IRON AND COPPER.

C. MONETARY AND FINANCIAL - SLIGHT IMPROVEMENT IN BALANCE OF PAYMENTS POSITION OVER PAST YEAR WITH ONLY SMALL DEFICIT (\$5 MILLION) ESTIMATED FOR CURRENT FINANCIAL YEAR DUE PRIMARILY TO HIGH PRICES FOR EXPORTS AND STAGNANT IMPORTS IN THE WAKE OF THE JULY, 1973 COUP. PROMISE OF DEBT RELIEF HAS BEEN OBTAINED RECENTLY FROM SOVIET UNION, THUS ALLEVIATING SIGNIFICANTLY OVER-ALL DEBT SERVICE RATIO WHICH PREVIOUSLY ESTIMATED TO INCREASE TO 40 PERCENT OF TOTAL FOREIGN EXCHANGE EARNINGS BY CY 1976. ONLY SMALL PORTION OF ECONOMY IS MONETIZED WITH BULK ON BARTER SYSTEM. EXISTENCE OF BILATERAL TRADE AGREEMENTS TO SOME EXTENT INSULATES ECONOMY FROM WORLD-WIDE INFLATION (E.G., NATURAL GAS FOR SUGAR AND POL AT LESS THAN WORLD PRICES).

D. TRADE AND AID - PRINCIPAL TRADING PARTNERS ARE SOVIET UNION, PAKISTAN AND INDIA. AID FROM SOVIET UNION AND OTHER BLOC COUNTRIES INCREASING; NOTABLY IRAN, SAUDI ARABIA AND IRAQ. BILATERAL AID FROM WESTERN DONORS DECREASING AS PORTION OF TOTAL AID COMMITMENTS. USAID PROGRAM HAS BEEN MAINTAINED AT APPROXIMATELY SAME LEVEL DURING PAST YEAR. INCREASE IN MULTILATERAL AID FROM UN AGENCIES, E. G., UNDP, IBRD, ETC.

E. BUSINESS CLIMATE - THE REPUBLICAN REGIME HAS STATED THAT PRIVATE INVESTMENT WILL PLAY AN IMPORTANT ROLE IN OVERALL ECONOMIC DEVELOPMENT, HOWEVER SUCH INVESTMENT WILL BE CLOSELY CONTROLLED BY THE GOVERNMENT. FOR FOREIGN INVESTORS, THE 51 PERCENT AFGHAN OWNERSHIP REQUIREMENT MAY DISCOURAGE LARGE PRIVATE PROJECTS, SINCE AFGHAN CAPITAL IS SCARCE. US INVESTMENT IN AFGHANISTAN NOW MINIMAL. OPPORTUNITIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KABUL 06304 030710Z

FOR INCREASING EXPORTS TO AFGHANISTAN, HOWEVER, APPEAR GOOD. AS NEW AID MONEY POURS IN, DEMAND FOR U.S. TECHNICAL EXPERTISE AND EQUIPMENT SHOULD INCREASE.

F. SUMMARY - AFGHANISTAN IS ONE OF THE WORLD'S POOREST COUNTRIES BY INTERNATIONAL STANDARDS. GOOD AGRICULTURAL HARVEST IN CY 1973 AND GOOD PROSPECTS FOR CY 1974 HAVE IMPROVED COUNTRY'S

ECONOMIC POSITION VIS-A-VIS OTHER NEIGHBORING LDC'S SUCH AS
INDIA AND BANGLADESH, BUT ECONOMY STILL VERY HEAVILY DEPENDENT
ON VAGARIES OF WEATHER FOR GOOD AGRICULTURAL YEAR. CURRENT
ECONOMY CAN BE CHARACTERIZED AS STABLE BUT NOT RPT NOT GROWING.
ELIOT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BIOGRAPHIC INFORMATION, ECONOMIC CONDITIONS, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KABUL06304
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740279-0681
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741080/aaaacqkt.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2002 by shawdg>; APPROVED <07 MAR 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BACKGROUND MATERIAL FOR DEPFONMIN WAHEED ABDULLAH VISIT: ECONOMIC FACT SHEET ON AFGHANISTAN
TAGS: PFOR, ECON, OVIP, AF, (ABDULLAH, WAHEED)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005